

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
December 9, 2003
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on December 9, 2003 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Elzie Higginbottom and Members Violet Clark and Gary Peterlin. Member Dugan was present telephonically.

Chairman Higginbottom convened the December 9, 2003 Regular Meeting at 8:42 A.M. in the 3rd floor Board Conference Room. Member Peterlin moved that **pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the items listed under Closed Session on today's (December 9, 2003) agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Clark seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 1:10 P.M.

Minutes

Member Peterlin moved that **the Board approve the closed session minutes of its Regular Meeting of November 18, 2003 and Special Meeting of November 25, 2003 and the open session minutes of its Regular Meeting of November 18, 2003 and Special Meeting of November 25, 2003.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Higginbottom stated that it looks like the Board might be in a position to have a reorganization plan. Chairman Higginbottom stated that Attorney General Lisa Madigan has completed her negotiations with the licensee as it relates to a reorganization plan. Chairman Higginbottom stated that the process is completely open and the Board wants the public to be informed of all aspects of the process. Chairman Higginbottom stated that he is very pleased to announce that the Board has made significant progress with regard to the 10th license. Chairman Higginbottom stated that he is hopeful that the Board would be able to continue to make positive steps toward bringing this action to a conclusion that would benefit the taxpayers of the State of Illinois and ensure that the integrity of gaming in Illinois is protected.

Administrator's Report

Interim Administrator Tamayo announced that there would be a general manager's meeting on Wednesday, December 10, 2003. Interim Administrator Tamayo stated that Member Peterlin would be attending the meeting.

Interim Administrator Tamayo announced that Staff has a meeting on Thursday, December 11, 2003 with state's attorney's offices from five counties in which riverboats are located. Interim Administrator Tamayo stated that Staff has been meeting with state's attorneys throughout the State to coordinate law enforcement activities and address security issues.

Interim Administrator Tamayo stated that Staff is working diligently on the internal controls for ticket vouchering technology. Interim Administrator Tamayo stated that Staff would be at Casino Queen Wednesday through Friday working directly with the internal controls in hopes to expedite the process for all of the licensees.

Interim Administrator Tamayo stated that although the licensees are not on today's (December 9, 2003) agenda for a public presentation, each of the licensees that made operational changes in the past month did submit to the Board memos updating the operational changes, and the changes were discussed this morning by the Board.

Interim Administrator Tamayo announced that Staff will soon be sending to the printers the new Illinois Gaming Board Adopted Rules and amended Illinois Riverboat Gambling Act. Interim Administrator Tamayo stated that the books should be ready at the beginning of the year for distribution to the licensees and anyone else who would like a copy.

Owner Licensee Items

ARGOSY GAMING COMPANY – REQUEST TO REFINANCE DEBT AND WAIVER OF TWO-MEETING RULE – James Butler, Corporate Counsel, was present on behalf of Argosy Gaming Company to request a waiver of the Two-Meeting Rule. Mr. Butler stated that Argosy would like to reprice a \$275 million dollar term loan, which was approved in July 2001 and becomes due in July 2008. Mr. Butler stated that Argosy has the opportunity to reprice the loan by lowering the interest rate, which would save Argosy approximately \$1.4 million dollars. Mr. Butler stated that Argosy would like to take advantage of the opportunity while the interest rates are low, which is why Argosy is requesting a waiver of the Two-Meeting Rule.

Member Clark moved that **the Board waive the requirement of Board Rule 3000.105(e) and permit Argosy Gaming Company to present for Board approval its request to refinance debt.** Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Argosy Gaming Company's request to refinance its debt and delegate to the Administrator under Board Rule 3000.230(d)(2), final approval of the transaction upon execution of the appropriate documents. The parameters of the refinancing shall be as follows:**

Argosy Gaming Company shall be allowed to enter into a financing transaction at any time during the next 90 days with the following terms and conditions:

1. **that the interest rate adjustment from LIBOR plus 2.75% to LIBOR plus 2.00-2.25% would be applicable only to the \$275M term loan that matures on July 31, 2008 and was part of the Second Amended and Restated Credit Agreement which was previously approved by the Illinois Gaming Board on July 31, 2001;**
2. **total funded debt to EBITDA ratio shall be no more than 4.25: 1.00;**
3. **senior funded debt to EBITDA ratio shall be no more than 2.50: 1.00;**
4. **EBITDA to fixed charges ratio must be at least 1.50: 1.00;**
5. **total net worth must meet the minimum requirements described in Argosy's correspondence to Administrator Tamayo dated November 26, 2003, attachment, item #1;**

6. **Argosy is required to invest a minimum of \$25M in capital expenditures annually at its properties for maintenance, and is restricted by a cap on the maximum it can spend on the sum of acquisitions, investments, and capital expenditures as described in correspondence to Administrator Tamayo dated November 26, 2003, attachment, item #2;**
7. **that no other terms and conditions have changed from the Second Amended and Restated Credit Agreement which was previously approved by the Illinois Gaming Board on July 31, 2001;**
8. **Argosy Gaming Company shall give notice to the Board within 24 hours of any transaction that is entered into pursuant to this order; and**
9. **Argosy Gaming Company shall update the Board on the status of its debt refinancing at every regular scheduled Board meeting until the transaction is completed.**

Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

EMPRESS CASINO, JOLIET – REQUEST TO SELL VESSELS AND WAIVER OF TWO-MEETING RULE - James Butler, Corporate Counsel, was present on behalf of Empress to request a waiver of the Two-Meeting Rule and approval to sell its vessels. Mr. Butler stated that in May of 2003, Empress was renovated, which entailed a \$42 million dollar project. Mr. Butler stated that during the renovation, Empress went from having two vessels to having one large barge. Mr. Butler stated that since Empress does not need the vessels anymore, Empress would like to sell them. Mr. Butler stated that Empress requested a waiver of the Two-Meeting Rule because Empress would really like to sell the vessels before the year is over. Mr. Butler stated that Empress has been in contact with Staff and that Empress still has a few issues to resolve. Mr. Butler requested that Empress be allowed to seek final approval before the Board, providing that all issues are resolved and the Board has another meeting during the month of December.

Interim Administrator Tamayo stated that the Board intends to meet next week (December 15, 2003). Interim Administrator Tamayo stated that Staff would recommend that if the issues are resolved and the information is provided to Staff in time to review, that the Board takes final action. Interim Administrator Tamayo stated that Staff would recommend that the Board deny Empress' request to waive the Two-Meeting Rule due to the fact that it is not appropriate at this time.

Member Peterlin moved that **the Board not waive the requirement of Board Rule 3000.105(e) and not permit Empress Casino, Inc. to present for Board approval its request to sell vessels and waiver of two-meeting rule.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

CASINO QUEEN – CHARLES W. BIDWELL III – TRANSFER OF OWNERSHIP INTERESTS TO TRUSTS – John Janicik, Attorney, was present on behalf of Charles W. Bidwell. Mr. Janicik stated that Mr. Bidwell’s request was to transfer shares that were held personally by Mr. Bidwell to trusts, which he would be the sole beneficiary, as well as the sole trustee.

Based on a review of the staff’s investigation and recommendation, Member Peterlin moved that **the Board approve, pursuant to Board Rule 3000.235, the transfer of two shares of common stock of Casino Queen, Inc. from Charles W. Bidwell, III to the Bidwell Succession Trust and, further, the transfer of two shares of common stock of Casino Queen, Inc. from Charles W. Bidwell, III to the Bidwell Kasino Trust.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensee Items

GEORGE C. MATTESON COMPANY, INC. – DANNY R. CARPENTER, OWNER/CEO – KEY PERSON – Kaye Summers, Danny Carpenter’s wife, was present on behalf of Danny Carpenter to request approval as Key Person.

Based on a review of the staff’s investigation and recommendation, Member Peterlin moved that **the Board approve Danny R. Carpenter as a Key Person of George C. Matteson Company, Inc.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

GEORGE C. MATTESON COMPANY, INC. – DIANA KAYE SUMMERS, OWNER/CEO – KEY PERSON – Diana Kaye Summers was present on her own behalf to request approval as Key Person.

Based on a review of the staff’s investigation and recommendation, Member Clark moved that **the Board approve Diana Kaye Summers as a Key Person of George C. Matteson Company, Inc.** Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

PDS GAMING – LICENSE RENEWAL – Donna More, Attorney, was present on behalf of PDS Gaming to request license renewal.

Based on the staff's investigation and recommendation, Member Peterlin moved that **the Board approve the Supplier's license of PDS Gaming Corporation for a term of 1 year expiring December 2004 and impose the following condition:**

PDS shall develop and implement a corrective action plan to prevent future compliance violations and provide quarterly reports to the Board describing the corrective action taken.

PDS is granted approval to provide the following gaming equipment to Illinois licensees:

- **Financing and leasing options of electronic gaming devices and sell and/or lease reconditioned electronic gaming devices.**
- **Parts for electronic gaming devices authorized for sale by the Administrator pursuant to the Riverboat Gambling Act and the Illinois Gaming Board Adopted Rules.**
- **Additionally, each and every used electronic gaming device offered to Illinois casinos must be first individually tested by an independent gaming laboratory.**

Further, based on the staff's investigation and recommendation, Member Peterlin moved that **the Board certify and approve the following positions as Key Persons of the licensee:**

- 1. Chief Executive Officer; and**
- 2. Chief Operating Officer/President.**

In the event that PDS fails to make an appropriate and timely request as specified in Board Rule 3000.405 for a hearing within 5 days of delivery of the written restriction of licensure, this action of the Board shall become the final action of the Board restricting the Suppliers license application for one year.

Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Based on staff's investigation and recommendation, Member Clark moved that **the Board approve 58 applications for an Occupational License Level 2 and 127 applications for an Occupational License Level 3.** Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

Proposed Complaints and Disciplinary Actions

- In re the Disciplinary Action of Ebony Pruitt

Based on a review of staff's investigation and recommendation, Member Peterlin moved that **the Board issue a disciplinary complaint against Ebony Pruitt, a level 2 occupational licensee, for failing to comply with the Riverboat Gambling Act and the Board's Adopted Rules in relation to Ebony Pruitt's failure to disclose a March 11, 2003 arrest and subsequent disposition.**

Further, Member Peterlin moved that **the Board revoke Ebony Pruitt's occupational license. Said action will take affect 21 days from the date of service of the complaint unless the licensee files an answer within that time period.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

- In re the Disciplinary Action of Jennifer Crockarell

Based on a review of staff's investigation and recommendation, Member Clark moved that **the Board issue a disciplinary complaint against Jennifer Crockarell, a level 2 occupational licensee, for failing to comply with the Riverboat Gambling Act and the Board's Adopted Rules in relation to her 2 previous theft convictions and her failure to notify the Board regarding these arrests and convictions.**

Further, Member Clark moved that **the Board revoke Jennifer Crockarell's occupational license. Said action to take affect 21 days from the date of service of this complaint unless the licensee files an answer within that time period.** Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

- In re the Disciplinary Action of Vanessa Jones

Based on a review of staff's investigation and recommendation, Member Peterlin moved that **the Board issue a disciplinary complaint against Vanessa Jones, a level 3 occupational licensee, for failing to disclose her February 26, 2002 conviction for retail theft in violation of the Riverboat Gambling Act and the Board' Adopted Rules.**

Further, Member Peterlin moved that **the Board revoke Ms. Jones' occupational license. Said action to take affect 21 days from the date of service of this complaint unless the licensee files and answer within that time period.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearings/ALJ Reports

- In Re The Disciplinary Action of Emerald Casino, Inc., DC-01-05- Proposed Settlement Offer
In Re The Matter of the Denial of the Renewal of the Owner's License of Emerald Casino, Inc., GL-01-01 - Proposed Settlement Offer

Interim Administrator Tamayo stated that this item is not for Board action, but for public presentation. Interim Administrator Tamayo briefed the public on the history of the settlement agreement between the Board and Emerald Casino, Inc.

Interim Administrator Tamayo stated that as required by the Board Rules and committed to by the Board to the public, consideration of Emerald's latest proposal will be taken in two steps: (1) today (December 9, 2003) the Board's bankruptcy counsel, Bill Barrett, will present to the Board a review of Emerald's reorganization and sale proposal in the proposed settlement with the Board. Interim Administrator Tamayo stated that immediately following Mr. Barrett's discussion those persons having requested to present public comment would have an opportunity to address the Board. Interim Administrator Tamayo stated that immediately following the public presentation, the Board would retire to Closed session to continue its discussion of the Emerald proposal. Interim Administrator Tamayo stated that the Board would meet again on December 15, 2003 to reconsider the proposal and vote on whether or not to enter into an agreement with Emerald.

Interim Administrator Tamayo introduced Bill Barrett, Bankruptcy Counsel for the Board. Mr. Barrett provided the Board with a report on the status of the Emerald bankruptcy proceeding and the related settlement that has been recently negotiated between the Office of the Attorney General and Emerald Casino, Inc. Mr. Barrett's report included a summary of Emerald's plan of reorganization; Emerald's efforts to reorganize; the IGB's role in reviewing the plan; and key provisions of the letter agreement.

Public Commentary

Connie Payton was present on behalf of herself and 16 other minority and women statutory applicants of the Emerald Casino. Ms. Payton stated that the statutory applicants represent a class of persons distinct and separate from the shareholders and other investors of the Emerald Casino. Ms. Payton stated that the statutory applicants represent a group of persons specifically mandated by the Illinois General Assembly as participants in the Emerald Casino. Ms. Payton stated that the statutory applicants gave Emerald Casino over \$32 million dollars between August 1999 and August 2000. Ms. Payton stated that the statutory applicants filed with the Board their applications for approval as shareholders in Emerald in 1999 as required by law; however, no action was ever taken, and therefore, the statutory

applicants never became shareholders in Emerald. Ms. Payton stated that the statutory applicants stand in the position of persons who have loaned Emerald \$32 million. Ms. Payton stated that the proposed settlement that is before the Board between the current management of Emerald and the Attorney General treats the statutory applicants in an inferior position to others who loaned money to Emerald. Ms. Payton urged the Board that in its consideration of the settlement plan to insist that the statutory applicants and all unsecured creditors receive post-petition interest at a rate of 5.25% as recommended by the Official Creditors Committee appointed pursuant to the Bankruptcy Act.

Robert M. Stephenson, Counsel for the Village of Rosemont, was present to discuss the Attorney General's plan of reorganization. Mr. Stephenson stated that on yesterday, he sent Staff and the Board a two-page summary of the points that he believes are objectionable in the Attorney General's sponsored plan. Mr. Stephenson stated that the plan of reorganization is "dead on arrival" in the United States Bankruptcy Court. Mr. Stephenson stated that the material that was provided to Staff and the Board would explain why he feels the plan of reorganization is "dead on arrival." Mr. Stephenson stated that the plan is unconfirmable. Mr. Stephenson stated that Rosemont would not consent to the Attorney General's plan as drafted. Mr. Stephenson stated that the Attorney General's unnecessary intervention in the Board's policing of the Illinois gaming industry has resulted in a loss of over a year in which to get the 10th license up and running and in which to create hundreds, if not thousands, of new jobs for Illinois citizens. Mr. Stephenson stated that the Attorney General's unnecessary intervention has resulted in a loss of millions of dollars in tax revenues and a loss of convention business to the State. Mr. Stephenson requested that when the Board reviews the specifics on what it has to vote on, that it takes into consideration what he and Ms. Payton have said today.

Jeff Schwartz, Gardner Carton & Douglas, represents the Official Committee of Unsecured Creditors in the Emerald bankruptcy case. Mr. Schwartz stated that the committee believes that a consensual plan, supported by all of the debtors major constituencies, could be accomplished through Emerald's proposed plan, as long as minor modifications are made or through the plan filed by the creditors committee. Mr. Schwartz stated that the committee believes that the Gaming Board has a unique opportunity at this time to approve a plan that could expeditiously accomplish the Gaming Board's regulatory mandate. Mr. Schwartz stated that committee stands ready to work with the Gaming Board towards that objective. Mr. Schwartz stated that the committee is concerned with how Emerald's plan is currently drafted because it lacks support from key constituencies who could block or deny confirmation of the plan, which has potential to cause further delay and cost the State hundreds of millions of dollars of lost tax revenue. Mr. Schwartz stated that a consensual plan is suggested by the committee, whether it be through Emerald's or the committee's plan. Mr. Schwartz stated that the consensual plan offers, what the committee believes, the most effective and appropriate path to an end that serves the interest of all of the constituents.

Thomas B. Kirkpatrick, President, Chicago Crime Commission, stated that the Chicago Crime Commission has consistently opposed any settlement agreement which pays back the original Emerald investors because the investors have been found unfit by the Gaming Board

to hold the license. Mr. Kirkpatrick stated that since the investors have been found unfit to hold a gaming license, the investors have nothing to sell and the license is the property of the State of Illinois. Mr. Kirkpatrick stated that the State of Illinois should take steps to proceed to put the license out for a competitive bid in the most suitable location and for the most suitable applicant. Mr. Kirkpatrick stated that the commission feels that the Board should reject the settlement in order to maintain the integrity of the gaming industry.

Ms. Chaz Ebert, statutory minority shareholder in Emerald Casino, was present to discuss the proposed plan. Ms. Ebert stated that she agrees with the issues that Ms. Payton presented to the Board. Ms. Ebert stated that in the past, casino licenses were given out in the State of Illinois, and not one minority was included. Ms. Ebert stated that this is the first time that minorities are being allowed to invest. Ms. Ebert thanked members of the Staff, who worked so hard to make sure that the statutory minorities will be allowed to go forward. Ms. Ebert urged the Board that in its consideration of the settlement plan to insist that the statutory applicants and all unsecured creditors receive post-petition interest at a rate of 5.25%, as recommended by the Official Creditors Committee appointed pursuant to the Bankruptcy Act.

At 3:35 P.M., Member Clark moved that **the Board reconvene into Closed session**. Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

At 3:42 Member Clark moved that **the Board adjourn**. Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

Respectfully submitted,
Monica Thomas

Secretary to the Board